



## Senate

General Assembly

**File No. 769**

*January Session, 2005*

Senate Resolution No. 27

*Senate, May 17, 2005*

The Senate Committee on Appropriations reported through SEN. HARP of the 10th Dist., Chairperson of the Committee on the part of the Senate, that the resolution ought to be adopted.

**RESOLUTION PROPOSING APPROVAL OF AN ARBITRATION  
AWARD BETWEEN THE STATE OF CONNECTICUT AND THE NEW  
ENGLAND HEALTH CARE EMPLOYEES UNION (1199), (NP-6 AND  
P-1 BARGAINING UNITS).**

Resolved by the Senate:

- 1 That the arbitration award between the State of Connecticut and the
- 2 New England Health Care Employees Union (1199) on behalf of the
- 3 NP-6 and P-1 Bargaining Units, effective July 1, 2005, to June 30, 2009,
- 4 inclusive, issued by the arbitrator April 12, 2005, and submitted to this
- 5 assembly for approval April 22, 2005, as provided in subsection (b) of
- 6 section 5-278 of the general statutes, is approved.

**APP**      *Senate Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

### **OFA Fiscal Note**

#### **State Impact:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 06 \$</b>	<b>FY 07 \$</b>	<b>FY 08</b>
Various State Agencies	All Appropriated Funds - Cost	1,271,489	23,893,894	50,492,854
Various State Agencies	GF - Cost	1,056,146	20,990,115	44,397,053

Note: GF=General Fund

#### **Municipal Impact:** None

#### **Explanation**

This arbitration award for the 1199 Health Care Employees Union, P-1 and NP-6 bargaining units, is submitted for approval for the four-year period July 1, 2005 through June 30, 2009. Costs shown above are for the 6,912 full-time and 1,927 part-time All Funds employees covered by this contract. FY 09 costs are \$76,691,534 for All Funds, of which \$67,472,950 is for the General Fund. Annualized FY 09 costs are \$82,774,377 for All Funds, of which \$72,895,038 is for the General Fund.

Increases associated with this award are generally in line with increases in negotiated agreements and arbitration awards for other bargaining units. This is the first contract that extends to FY 09.

Four arbitration awards have been submitted for approval during the FY 05 session. Funding exists within the Reserve for Salary Adjustments account in sHB 6671 as approved by the Appropriations Committee for any of these contracts individually; however full funding has not been included in FY 06 and FY 07 if they all become effective. The extent to which individual agency budgets affected will be able to partially absorb the costs associated with the award in each year is not known at this time. Details of the costs are attached.

### Cost Estimate of Arbitration Award All Funds

1199 Health Care Employees P-1 Bargaining Unit

Agencies Affected: Various

Term of Contract: Four years, July 1, 2005 through June 30, 2009

Number of Employees Affected by Contract:

Full-Time	2,892
Part-Time	587

### Cash Basis Percent Increase

	Salary	Total	General Wage Increase	Annual Increments	Other
Prior to Contract	\$ 71,796				
1st Year of Contract (FY 06)	72,143	0.48%	0.00%	0.00%	0.48%
2nd Year of Contract (FY 07)	74,850	3.75%	2.82%	0.83%	0.10%
3rd Year of Contract (FY 08)	77,559	3.62%	2.82%	0.72%	0.08%
4th Year of Contract (FY 09)	80,231	3.45%	2.82%	0.63%	0.00%

### Annualized Basis Percent Increase

	Salary	Total	General Wage Increase	Annual Increments	Other
Prior to Contract	\$ 71,796				
1st Year of Contract (FY 06)	72,330	0.74%	0.00%	0.00%	0.74%
2nd Year of Contract (FY 07)	75,857	4.88%	2.93%	1.80%	0.15%
3rd Year of Contract (FY 08)	79,294	4.53%	2.93%	1.52%	0.08%
4th Year of Contract (FY 09)	82,650	4.23%	2.93%	1.30%	0.00%

### Cost Estimate of Award

	Prior to Contract	At End of Contract Annualized	Percent Increase (four years)
Salaries [1]	\$ 207,634,900	\$ 239,045,473	15.13%
Fringe Benefits [2]			
Current Items	65,665,644	70,725,888	7.71%
Arbitrated Improvements		-	
<b>Total</b>	<b>\$ 273,300,544</b>	<b>\$ 309,771,360</b>	<b>13.34%</b>

3.18% average per year compounded

[1] Salaries include full-time base salary, longevity payments, shift and weekend differentials, bonus payments, on-call/standby pay, and holiday premiums. Overtime pay is not included.

[2] Fringe benefits include Social Security, normal cost of pension contributions, health and life insurance, tuition reimbursement, conference funds, education and training funds, and Quality of Worklife Funds.

### Detail of Cost Estimates All Funds

Contract Items	FY 09				
	FY 06 [1]	FY 07 [1]	FY 08 [1]	FY 09 [1]	Annualized [1]
<b>First Year (FY 06)</b>					
No Salary Increases	\$ -	\$ -	\$ -	\$ -	\$ -
Increase in On-Call Pay	83,077	86,400	86,400	86,400	86,400
Cell Phone Differential for Drug Control Agents (\$20 per month) Effective 10/30/05	2,363	3,840	3,840	3,840	3,840
Nursing Class Consolidation Effective 10/30/05	622,646	1,011,800	1,011,800	1,011,800	1,011,800
Increase Second and Third Shift RN Retention Bonus	84,700	84,700	84,700	84,700	84,700
Increase Workweek for Certain Classes Effective 10/30/05 [2]	209,354	340,200	340,200	340,200	340,200
Increase Overtime Rate for Nurse Supervisor and Nurse Clinician Positions [3]				See Note Below	
Implement Pilot Program to Pay Double time for Overtime Volunteers [4]				See Note Below	
Add Steps to Dentists' Salary Ranges	-	17,400	36,700	36,700	36,700
<b>Total First Year</b>	<b>\$ 1,002,140</b>	<b>\$ 1,544,340</b>	<b>\$ 1,563,640</b>	<b>\$ 1,563,640</b>	<b>\$ 1,563,640</b>
<b>Second Year (FY 07)</b>					
General Wage Increase (3%) Effective 6/23/06 (25 pay periods)		\$ 5,892,911	\$ 6,128,628	\$ 6,128,628	\$ 6,128,628
Annual Increments		1,741,908	3,774,134	3,774,134	3,774,134
Increase in On-Call Pay		49,808	51,800	51,800	51,800
Increase in Workweek for Certain Classes, Effective 10/30/05 [2]		163,692	266,000	266,000	266,000
<b>Total Second Year</b>		<b>\$ 7,848,319</b>	<b>\$ 10,220,561</b>	<b>\$ 10,220,561</b>	<b>\$ 10,220,561</b>
<b>Third Year (FY 08)</b>					
General Wage Increase (3%) Effective 6/22/07 (25 pay periods)			\$ 6,186,798	\$ 6,434,269	\$ 6,434,269
Annual Increments			1,584,293	3,335,566	3,335,566
Increase Second and Third Shift RN Retention Bonus			169,400	169,400	169,400
<b>Total Third Year</b>			<b>\$ 7,940,490</b>	<b>\$ 9,939,236</b>	<b>\$ 9,939,236</b>

Contract Items	FY 09				
	FY 06 [1]	FY 07 [1]	FY 08 [1]	FY 09 [1]	Annualized [1]
<b>Fourth Year (FY 09)</b>					
General Wage Increase (3%) Effective 6/20/08 (25 pay periods)				\$ 6,468,620	\$ 6,727,364
Annual Increments				1,456,108	2,979,071
<b>Total Fourth Year</b>				<b>\$ 7,924,728</b>	<b>\$ 9,706,436</b>
<b>Total Contract Items</b>	<b>\$ 1,002,140</b>	<b>\$ 9,392,659</b>	<b>\$ 19,724,691</b>	<b>\$ 29,648,165</b>	<b>\$ 31,429,873</b>
Social Security Costs	89,003	880,902	1,833,482	2,757,042	2,926,941
Part-Time and Overtime Costs					
Increases due to Wage Increases	161,300	2,122,400	4,242,400	6,391,600	6,830,800
<b>Total Cost of Contract</b>	<b>\$ 1,252,443</b>	<b>\$ 12,395,961</b>	<b>\$ 25,800,574</b>	<b>\$ 38,796,807</b>	<b>\$ 41,187,614</b>
<b>Estimated General Fund Cost</b>	<b>\$ 1,038,401</b>	<b>\$ 10,277,491</b>	<b>\$ 21,391,256</b>	<b>\$ 32,166,432</b>	<b>\$ 34,148,651</b>

[1] This cost analysis is based on annual costs equaling the payment of 26 payrolls. PA 03-1 of the June 2003 Special Session authorizes the development of the 2005-2007 state budget on a GAAP (Generally Accepted Accounting Principles) basis. This change would basically add one-tenth of a payroll to annual costs beginning in FY 06.

[2] This estimate assumes most eligible employees will opt to increase their schedule. It is voluntary, so some employees may not choose a schedule increase.

[3] This change, which will pay time-and-one-half instead of straight time, will result in a cost of at least \$1.2 million annually if usage is not decreased.

[4] This pilot program could result in an increased cost to the state of as much as \$700,000 per year if overtime currently paid at time-and-one-half is paid at the double time rate. It is anticipated that the state will exercise its option to terminate the pilot if these costs occur.

Notes:

There are some additional items, such as an increase in union business leave, which will result in some relatively small costs to the state.

Payroll numbers used to estimate these costs were obtained from the CORE-CT system. The accuracy of these estimates is dependent upon the information that could be obtained from this system.

### Cost Estimate of Arbitration Award All Funds

1199 Health Care Employees NP-6 Bargaining Unit

Agencies Affected: Various

Term of Contract: Four years, July 1, 2005 through June 30, 2009

Number of Employees Affected by Contract:

Full-Time	4,020
Part-Time	1,340

#### Cash Basis Percent Increase

	Salary	Total	General Wage Increase	Annual Increments	Other
Prior to Contract	\$ 49,800				
1st Year of Contract (FY 06)	49,804	0.01%	0.00%	0.00%	0.01%
2nd Year of Contract (FY 07)	51,497	3.40%	2.86%	0.54%	0.00%
3rd Year of Contract (FY 08)	53,199	3.31%	2.86%	0.45%	0.00%
4th Year of Contract (FY 09)	54,939	3.27%	2.87%	0.40%	0.00%

#### Annualized Basis Percent Increase

	Salary	Total	General Wage Increase	Annual Increments	Other
Prior to Contract	\$ 49,800				
1st Year of Contract (FY 06)	49,805	0.01%	0.00%	0.00%	0.01%
2nd Year of Contract (FY 07)	51,873	4.15%	2.98%	1.17%	0.00%
3rd Year of Contract (FY 08)	53,905	3.92%	2.98%	0.94%	0.00%
4th Year of Contract (FY 09)	55,948	3.79%	2.98%	0.81%	0.00%

#### Cost Estimate of Award

	Prior to Contract	At End of Contract Annualized	Percent Increase (four years)
Salaries [1]	\$ 200,196,154	\$ 224,930,910	12.36%
Fringe Benefits [2]			
Current Items	75,079,231	79,064,000	5.31%
Arbitrated Improvements		-	
<b>Total</b>	<b>\$ 275,275,384</b>	<b>\$ 303,994,910</b>	<b>10.43%</b>

2.51% average per year compounded

[1] Salaries include full-time base salary, longevity payments, shift and weekend differentials, bonus payments, on-call/standby pay, and holiday premiums. Overtime pay is not included.

[2] Fringe benefits include Social Security, normal cost of pension contributions, health and life insurance, tuition reimbursement, conference funds, education and training funds, and Quality of Worklife Funds.



### Detail of Cost Estimates All Funds

Contract Items	FY 09				
	FY 06 [1]	FY 07 [1]	FY 08 [1]	FY 09 [1]	Annualized [1]
<b>First Year (FY 06)</b>					
No Salary Increases	\$ -	\$ -	\$ -	\$ -	\$ -
Increase in On-Call/Standby Pay	10,000	10,400	10,400	10,400	10,400
Increase Second and Third Shift LPN Retention Bonus	7,692	8,000	8,000	8,000	8,000
<b>Total First Year</b>	<b>\$ 17,692</b>	<b>\$ 18,400</b>	<b>\$ 18,400</b>	<b>\$ 18,400</b>	<b>\$ 18,400</b>
<b>Second Year (FY 07)</b>					
General Wage Increase (3%) Effective 6/23/06 (25 pay periods)		\$ 5,733,710	\$ 5,963,059	\$ 5,963,059	\$ 5,963,059
Annual Increments		1,083,376	2,347,315	2,347,315	2,347,315
Increase in On-Call Pay		5,962	6,200	6,200	6,200
<b>Total Second Year</b>		<b>\$ 6,823,048</b>	<b>\$ 8,316,574</b>	<b>\$ 8,316,574</b>	<b>\$ 8,316,574</b>
<b>Third Year (FY 08)</b>					
General Wage Increase (3%) Effective 6/22/07 (25 pay periods)			\$ 5,973,432	\$ 6,212,370	\$ 6,212,370
Annual Increments			933,658	1,965,722	1,965,722
Increase Second and Third Shift LPN Retention Bonus			7,692	8,000	8,000
<b>Total Third Year</b>			<b>\$ 6,914,783</b>	<b>\$ 8,186,092</b>	<b>\$ 8,186,092</b>
<b>Fourth Year (FY 09)</b>					
General Wage Increase (3%) Effective 6/20/08 (25 pay periods)				\$ 6,209,339	\$ 6,457,712
Annual Increments				858,286	1,755,978
<b>Total Fourth Year</b>				<b>\$ 7,067,625</b>	<b>\$ 8,213,691</b>
<b>Total Contract Items</b>	<b>\$ 17,692</b>	<b>\$ 6,841,448</b>	<b>\$ 15,249,757</b>	<b>\$ 23,588,691</b>	<b>\$ 24,734,757</b>
Social Security Costs	1,353	817,085	1,754,723	2,692,937	2,955,306
Part-Time and Overtime Costs					
Increases due to Wage Increases	-	3,839,400	7,687,800	11,613,100	13,896,700
<b>Total Cost of Contract</b>	<b>\$ 19,046</b>	<b>\$ 11,497,933</b>	<b>\$ 24,692,280</b>	<b>\$ 37,894,727</b>	<b>\$ 41,586,763</b>
<b>Estimated General Fund Cost</b>	<b>\$ 17,745</b>	<b>\$ 10,712,624</b>	<b>\$ 23,005,797</b>	<b>\$ 35,306,518</b>	<b>\$ 38,746,387</b>

[1] This cost analysis is based on annual costs equaling the payment of 26 payrolls. PA 03-1 of the June 2003 Special Session authorizes the development of the 2005-2007 state budget on a GAAP (Generally Accepted Accounting Principles) basis. This change would basically add one-tenth of a payroll to annual costs beginning in FY 06.

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**OFA Bill Analysis**

SR 27

***RESOLUTION PROPOSING APPROVAL OF AN ARBITRATION AWARD BETWEEN THE STATE OF CONNECTICUT AND THE NEW ENGLAND HEALTH CARE EMPLOYEES UNION (1199), (NP-6 AND P-1 BARGAINING UNITS).***

**SUMMARY:**

A separate analysis is not prepared since the fiscal note contains much of the same information that would go into a separate analysis.

EFFECTIVE DATE: Upon passage.

**COMMITTEE ACTION**

Appropriations Committee

Senate Favorable Report

Yea 7      Nay 0